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ABSTRACT

These materials from Beaverton Schools, District Number 48 (Oregon) provide an annual program review process within the context of the regular planning and budgeting processes. Information obtained from the review process (an analytic and decision-making process) is intended to serve as a basis for determining what program levels should be retained in the event the district has insufficient operating revenues to maintain current programs or desires to increase selected programs. Major characteristics and objectives of the process are given along with a flow chart and time line of program review activities. Decision units (divisions and departments) and decision packages (functions or activities carried out by the decision units) are described. Further aspects of the process are covered under the following headings: (1) targeting potential reduction; (2) major assumptions; (3) ranking decision packages; and (4) budget preparation. Instructions for completion of program review forms are followed by the sample forms. A sample of a completed program review for a school transportation program is provided. (EM)

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I. GENERAL DESCRIPTION
OF
DISTRICT PROGRAM REVIEW PROCESS

[L.E. Christiansen & Zeno Katterle]

[1980]

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PROGRAM REVIEW PROCESS

A. Introductory Statement

School districts, along with other governmental agencies, are continuing to face a public demand to produce better results at reduced costs. Recently Oregon has faced initiative petitions to limit property taxes, the A/B ballot measures, and reduced State and Federal funding. These activities have resulted in limited funding for new programs and have reduced some existing programs. The situation is such that it requires a continuing review of current operations to determine where services can be reduced or provided in a more efficient and less costly manner. To accomplish this task, the District has incorporated within the context of the regular planning and budgeting processes, steps to annually review all District programs. The objective is to define reduced operational levels for each program as well as the consideration of alternative means for delivering services. To accomplish the objective, two basic questions must be answered:

1. What would be the effect on the District, particularly the primary mission of educating students, if the program were reduced or eliminated?

2. How can the program goals be met more efficiently and at a reduced cost?

The information from the Program Review Process serves as a basis for determining what program levels should be retained in the event the District has insufficient operating revenues to maintain the current programs or desires to increase selected programs. The following materials are designed to provide the process for conducting the District Program Review. The basic process was used for developing the 1979-80 budget and again in 1980-81. The process has continued to be refined and adapted to the District's organizational structure and methods of operation.

B. Major Characteristics of Process

Program review is designed to be an analytic and decision making process which aids in determining the number and level of programs within a given number of dollars. The process has the following characteristics:

- All programs are reviewed and justified
- Existing activities are scrutinized as closely as proposed new activities
- Programs are defined in terms of level of activity and cost, beginning with a minimal level
- Alternative ways of providing various levels of service are considered
- The different levels of program are ranked in order of importance

C. Objectives For the Review

The review has the following primary objectives:

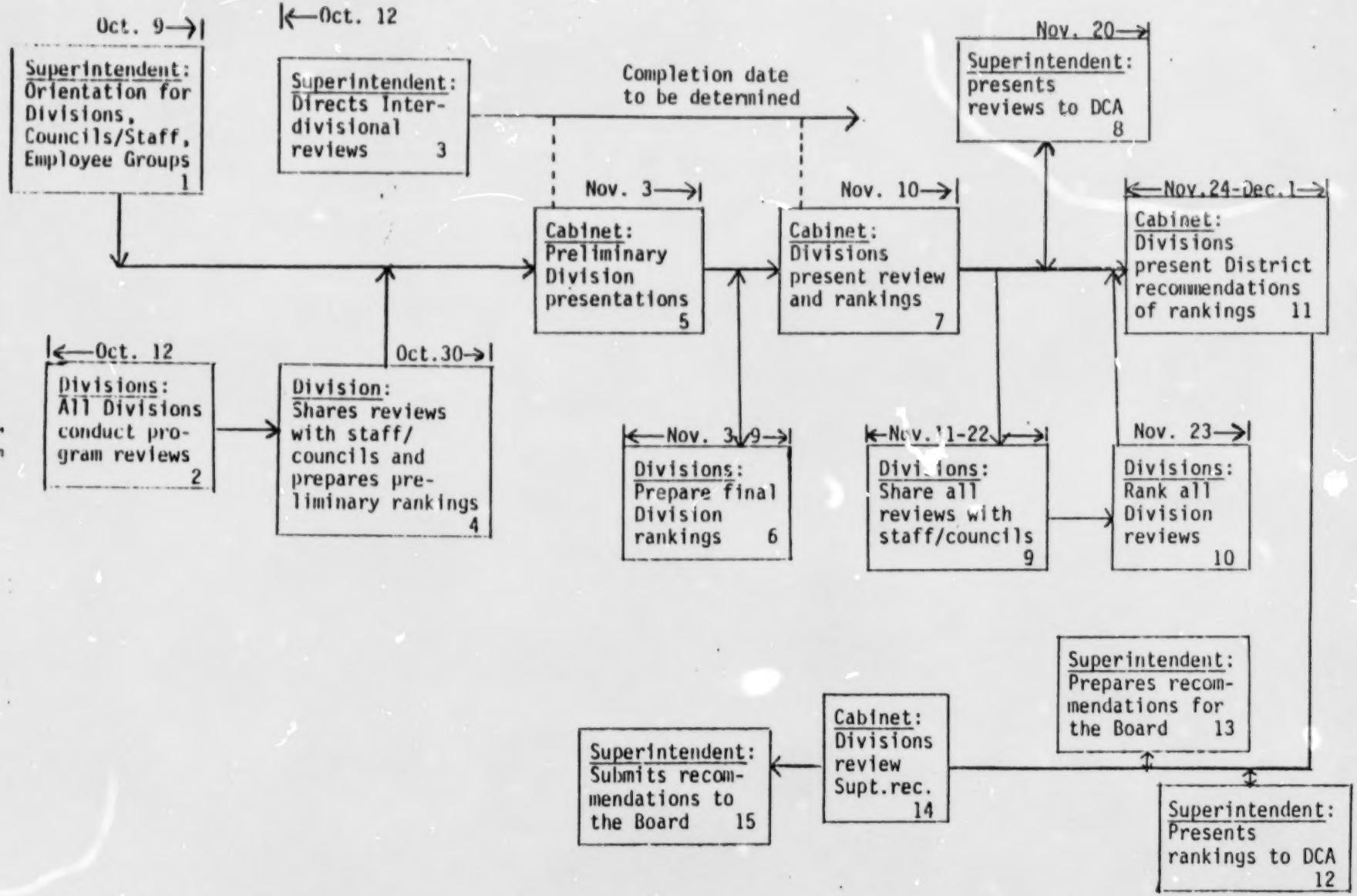
a. Determine items which would be reduced to allow for possible increases in existing programs or new programs.

b. Determine the reductions in order of priority that would be put into effect in the event of levy or tax base election failures.

c. Determine more cost effective alternative methods of providing current programs.

d. Impress upon the total District staff the importance of passing a revised tax base or special levy election.

FLOW CHART OF PROGRAM REVIEW ACTIVITIES
1982-83


Oct. 9→
Superintendent: Orientation for Divisions, Councils/Staff, Employee Groups 1
←Oct. 12
Superintendent: Directs Inter-divisional reviews 3
Completion date to be determined
Nov. 20→
Superintendent: presents reviews to DCA 8
Nov. 3→
Cabinet: Preliminary Division presentations 5
Nov. 10→
Cabinet: Divisions present review and rankings 7
←Nov.24-Dec.1→
Cabinet: Divisions present District recommendations of rankings 11
←Oct. 12
Divisions: All Divisions conduct program reviews 2
Oct.30→
Division: Shares reviews with staff/ councils and prepares preliminary rankings 4
←Nov. 3-9→
Divisions: Prepare final Division rankings 6
←Nov. 11-22→
Divisions: Share all reviews with staff/councils 9
Nov. 23→
Divisions: Rank all Division reviews 10
Superintendent: Prepares recommendations for the Board 13
Cabinet: Divisions review Supt.rec. 14
Superintendent: Submits recommendations to the Board 15
Superintendent: Presents rankings to DCA 12

The Director of Management Services will serve as an ex officio to each Program Review component.

TIME LINE FOR
PROGRAM REVIEW ACTIVITIES
1982-83

The following activity numbers coincide with the numbered activities within the Flow Chart of Program Review:

	Activity	Date
1.	Superintendent directs orientation sessions for Divisions, councils/staff, and employee groups. Completed by:	October 9
2.	Divisions conduct their respective program reviews beginning-	October 12
3.	Superintendent directs inter-divisional reviews beginning-	October 12
4.	Divisions share reviews with councils/staff and prepare preliminary rankings. Completed by:	October 30
5.	Divisions make preliminary presentations to the Cabinet on their respective program review on:	November 3
6.	Each respective division prepares its final program review rankings.	November 3-9
7.	Divisions present their respective reviews and rankings to the cabinet on:	November 10
8.	Superintendent presents Division reviews to DCA on:	November 20
9.	Divisions share all reviews with councils/ staff	November 11-22
10.	Divisions prepare their District recommendations	November 23
11.	Divisions present their District recommendations to the Cabinet	November 24 and December 1

The time lines for the following activities are to be determined:

12. Superintendent presents District rankings to DCA
13. Superintendent prepares recommendations for the School Board
14. Cabinet reviews the Superintendent's recommendation for the School Board
15. The Superintendent submits the recommendation to the School Board.

E. Decision Units

Decision units must be defined in order to provide a management framework for making decisions regarding the definitions of programs, possible program levels, associated costs, and the consideration of alternative methods of providing the programs. Consequently, the District will utilize its current organizational structure and cost centers and will assign responsibilities along the District's divisional and departmental lines.

In setting the decision units and associated programs, several factors should be kept in mind:

1. A means for good communications among the decision units should be provided. As an example, the review of support services should include the recipients most directly affected by the service.

2. The review of instructional programs should take into account the need to maintain well articulated programs.

3. Local School Committee, Budget Committee, and general public opinions should be solicited in the process of reviewing programs.

4. Decision units should be at a high enough level in the organization to include administrator(s) directly responsible for the activity.

5. Programs should be grouped for review whenever there is a very direct interrelationship among the programs. An example would be library services and the regular instructional program.

6. Use should be made of existing user or advisory committees, or studies such as the District Goals Project or the community surveys.

7. The committees reviewing the various programs should make a recommendation as to which program levels should receive the highest priority for funding.

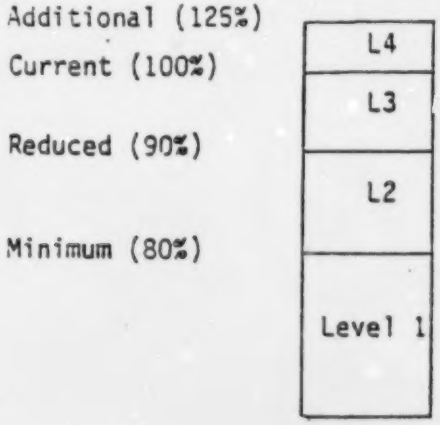
The superintendent's cabinet will determine the assignment of programs for review and the guidelines to be used.

F. Decision Packages

Decision packages are the functions or activities carried out by the various divisions and departments (decision units). The decision package should describe a clearly identifiable activity which can be managed and evaluated. The current program budget structure serves as the framework for determining decision packages. In some cases, it may be desirable to break the activity down further or to combine certain programs. An example would be Care and Upkeep of Facilities which can be divided into routine scheduled maintenance (painting, roofing, etc.) and regular custodial care. In addition, the packages should reflect different levels of providing the function or activity beginning with a minimal level. The minimum is a point below which it would not be productive to continue the activity, or a level which must be provided by legal requirement. This is typically somewhere between 70%-80% of the current funding level. A reduced level somewhere between the minimum and current can often be identified. Additional or new effort above the current level may also be proposed. Separate decision packages should be developed for the minimum, reduced, current, and additional levels of activity for each function. The description of the decision packages should include basic identification, purpose of activity, description of how activity is carried out, possible alternatives, consequences of eliminating the activity, and costs. (See decision package review form). Different levels of effort are identified for the following reasons:

- It provides a better analysis of each program
- If only one level were identified, some activities or programs would be eliminated - or arbitrarily reduced
- It provides the option of reducing levels of effort rather than eliminating entire activities or programs
- Resources can be shifted to increase programs of high priority, while decreasing or eliminating programs of low priority.

The following graph illustrates several levels of service and cost as a percentage of the current appropriations:



For planning purposes, 80, 90, and 100% have been established as budget levels for carrying out the review and developing separate packages for each program.

Level No. 1 (80%)

This level represents a minimum level of service for each program. Eighty percent or less represents a level below which it would not be productive to continue the activity, or a level which must be provided to meet specific requirements.

Level No. 2 (90%)

This level represents an amount which would allow a choice in reductions needed to balance the budget in 1982-83 in the event the District cannot pass a levy or tax base election.

Level No. 3 (100%)

This level represents maintenance of the current program.

Level No. 4 (100+%)

This level represents an increased level of support for current programs.

For each level of service, alternative means for providing the activity should be considered. Examples would be to decentralize a service or contract with an outside agency. As a practical matter, it would be best to first consider alternative methods of providing the service and then define the levels of service.

G. Target For Potential Reduction

The target is based on the difference between anticipated revenues for 1982-83 and the amount required to balance a maintenance of effort budget, or approximately two to three million dollars. An additional amount would need to be reduced from the existing programs if new or expanded programs are to be considered. For the purpose of program review, the target represents a 10% reduction in the 1981-82 budget, or an equivalent of $6,500,000. This target is approximately two times the actual amount to balance the budget and is needed to provide sufficient choice in decision making.

The estimated costs for the various program reductions should be in 1981-82 dollars.

H. Major Assumptions

The major objective(s) of each respective review of program should be defined. Generally, the objectives would be in terms of expenditure targets. They could, however, also include items such as the addition of new programs without significant increase in overall cost, or the use of alternative methods to produce more effective results. In the case of the School District, the primary objective of the review is to determine the most essential program levels which would be retained, given a significant reduction in revenues or potential reductions in existing programs in order to provide funding for new programs.

The following is a list of the major assumptions for the 1982-83 budget:

a. A 13% increase in the 1981-82 general fund budget will be required to maintain the District's programs for 1982-83.

b. The 1982-83 student enrollment is projected to be 20,500.

c. The rate of inflation is anticipated between 9% and 10% for next year.

d. A tax base increase or a special levy measure of $2 million to $3 million will be needed to balance a maintenance of effort budget.

e. The salary levels for staff will be determined by the collective bargaining contracts.

f. All District programs are potentially subject to budget reductions.

g. Program expansion or new programs which have significant costs will be funded by reducing current programs by an equivalent amount.

I. Ranking Decision Packages

Ranking is a process of evaluating the relative value among a number of packages from several related functions. Simply put, the objective is to allocate the available resources into the most worthwhile undertakings. The ranking can occur at several levels in the organization with the final determination by the School Board.

It is important to determine specifically by whom or how the ranking should be done.

It is recommended that the review committees responsible for the initial preparation of decision packages at the operational levels make the initial ranking. The initial ranking should be reviewed at the division level with a final review by the superintendent's cabinet. The ranking at the cabinet level constitutes the basis for the superintendent's recommendations to the School Board.

In order to rank, it is important to have a list of agreed upon criteria or standards for comparing decision packages. The following is a list of criteria:

1. Required by law or policy
2. Basic or essential to a minimal operation
3. Self-supporting in terms of special revenues or cost savings
4. Productivity or results in relation to cost
5. Political acceptability by staff or community
6. Current level of investment in terms of capital outlay, implementation and number of people influenced
7. Feasibility in carrying out program

J. Budget Preparation

The preparation of the detailed budget is the last step and is not begun until after decision packages have been ranked and funding levels established. Budget instruction would identify which activities are to be funded, the number of staff positions, and the funding or dollar level for each function. The process would then follow the same steps used last year, the difference being that because the major planning and financial decisions have been made, the process is more nearly a clerical activity.

VI. INSTRUCTIONS FOR COMPLETION OF FORMS

The following are directions for completing the program review forms. For each form descriptive directions as well as a sample form are provided.

(1)

A. Decision Package (Form PRF 1) - see page 10

This form is designed to describe a specific decision package and to compare it with the current level of service.

1. Function:

   List the function(s) numerical designation for the program which is described in the decision package. The designation should go at least to the third level (example: 2550).

2. Program Designation:

   Use the description designation from the program budget (example: Transportation). If the package represents a sub function or activity this should also be noted (example: Transportation: home to school).

3. Level: → 100% 90% 80%

   Designate the level within which the package is included (1, 2, 3, 4, etc.) and if the level represents the minimum, reduced, or current. (1 indicates the minimum level)

4. Cost Center:

   Indicate the numerical designation(s) or if all cost centers within a department or level are included, such as elementary.

5. Prepared By:

   Indicate the name of the administrator responsible for carrying out the review of the program.

6. Major Purpose or Intent of Activity:

   This means the purpose of the activity for this specific decision package. If the activity represents a minimum level the purpose should be in terms of the minimum level.

7. Description of Actions To Carry Out Activity:

   Indicate the essential activities necessary to provide for this decision package.

8. Alternatives Considered:

   List any alternatives from the current method of providing the service which were considered. If any alternative was selected it should be described in item 7.

9. Major Changes From Current Level:

   Describe the difference from the current program, such as a reduced number of bus routes.

10. Consequences of Eliminating This Activity:

List the major effects which would result if this particular package was eliminated.

11. Summary of Effect on Budget:

This section is to give the estimated effect of this package on the current budget. Current year costs should be used for both this year and next year columns. Objects in the 100 series (salaries) should be detailed to the 3rd level (i.e. 111, 112, etc.). Other objects may be summaries up to the first level (200, 300, etc.).

Indicate in the comment section the particular positions included in the 100 series accounts. If greater explanation is needed, use the comment section at the bottom of the page.

B. Summary of Decision Packages For a Function (Form PRF 2)

This form is designed for the purpose of summarizing all packages by level for a particular function and providing comparisons of costs and numbers of positions.

1. Function:

   List the function at the third level (2550) which is being summarized.

2. Program Designation:

   Use the designation from the program budget.

3. Cost Center(s):

   Indicate the numerical designation(s) of the cost centers which provide the program.

4. Number of Levels:

   Indicate the total number of levels.

5. Level:

   For each level beginning with the level 1 (minimum) list the packages, number of positions, and total dollars. Use cumulative budget and position column to show the additive effect of each level. The percent of this year is to show a percentage comparison with the current budget amount.

C. Decision Ranking Card (PRF 3)

The card is to be used when ranking various packages within or across functions. After the cards are completed they are placed in order of importance. Packages from several functions can be included in the ranking process.

Function:

List the numerical designation for the function.

Description:

Use the description from the program budget. If the card represents a more specific activity, such as home to school transportation, the more specific description should also be included.

Level:

Indicate the level (1, 2, 3) and whether it is minimum, reduced, or current.

Number of Positions:

Indicate the total number of positions included in the package represented by the ranking card.

Cost:

Indicate the total cost of the package represented by the ranking card.

Required and Other Criteria:

Note any special criteria which apply to the particular package such as required by statute, number of people served, and special revenues.

D. Decision Package Ranking Form (PRF 4)

This form is to summarize the results of ranking packages from two or more functions. The information required to complete the form can be obtained from the "Summary of Decision Packages For a Function" or the "Decision Ranking Card." Refer to the descriptors used for the Summary of Decision Packages for a Function.

E. Summary of Appropriations by Function and Division (PRF 5)

-This combi... all PRF 1 Sheets by level

Prepared by _____

Date _____

PROGRAM REVIEW FORM

(Summary of Decision Packages For a Function)

(1) Function	(2) Program Description	(3) Cost Center(s)	(4) Number of Levels

(5) Level	Package Name or Description	Proposed		Cumulative		% of This Year's Budget
		Positions	Budget	Positions	Budget	
1 Minimum						
2						
3						
4						
5						

(6) Comments:

PROGRAM REVIEW FORM Prepared by _____

Decision Ranking Card Date _____

Function	Description	Level	No. of Positions	Budget

Required ☐

Other criteria:

PRF 3

PROGRAM REVIEW FORM

Decision Package Ranking Form

(1) Function(s)	(2) Program Descriptions	(3) Cost Centers

(4) Rank	(5) Package Name, Number and Function	(6) Proposed		(7) Cumulative		% of This Year Budget
		Positions	Budget	Positions	Budget	

PROGRAM REVIEW FORM

(Summary of Appropriations by Function and Division)

COST/CENTERS	INSTRUCTION 510/520/550	OPERATIONS ELEM/INT/SEC OTHER 500	PERSONNEL 700	BUSINESS 600	SUPERINTENDENT 800/910	TOTAL
FUNCTION/OBJECT 100						
200						
290						
300						
400						
500						
600						
700						
800						
TOTAL						

COMMENTS:

PRF 5

PROGRAM REVIEW FORM

(Decision Package)

(1) Function	(2) Program Designation	(3) Level)	(4) Cost Center	(5) Prepared By

(6) Major Purpose or Intent of This Activity

(7) Description of Actions to Carry Out This Activity

(8) List Alternatives Considered

(9) Major Changes From Current Level

(10) Consequences of Eliminating This Activity

(11) Summary of Effect on Budget

Function_____ Area_____ Cost Center(s)_____

Object	Accnt. Description	This Year	Next Year	% Change	Comments
	TOTALS				

(12) Comments

10

10

VII. SAMPLE OF COMPLETED PROGRAM REVIEW

Beaverton School District #48

PROGRAM REVIEW PROCESS

SAMPLE PACKAGE

(Transportation/Function 2550)

The following is a sample program review package. The material is provided to assist people involved in reviewing the programs.

Contents

I. Description of Current Program Activities and Costs
II. Summary of Program Reduction
III. Summary of Review Process
IV. Basic Source Documents
V. School Board Policy 3542
VI. Summary of Decision Packages
VII. Decision Package Level 1

12

I. GENERAL DESCRIPTION OF CURRENT PROGRAM

Transportation

The following is a summary of major activities and associated costs.

2551	**Service Area Direction**	
	Provides administrative direction to transportation program including bus routing, clerical support, and supervisory functions.	$96,683
2552 2554	**Vehicle Operation Services**	
	Home to school:	
	Operates a fleet of 91 buses for a basic home to school program.	791,867
	Special Education:	
	Operate a fleet of 24 buses for delivery of special education students to various schools within the district and to regional centers.	193,619
	Activity Runs:	
	Delivers students to home areas from various after school activities.	69,564
	Field Trips:	
	Provides on-site experiences for curriculum studies.	47,535
	Intramural:	
	Provides transfer of students between intermediate schools for athletic programs.	1,159
	Athletic:	
	Movement of athletic teams for competitive sports program.	38,260
	Career Education and Interschool Transfers:	
	Movement of students between career study stations and to consolidate specific classroom activities.	17,392
2554	**Vehicle Service and Maintenance**	
	Operate a shop facility to service all district vehicles.	133,632

2554	Contracted Services	
	Outside data processing services	$ 7,640
	Replacement of Equipment	
	Capital replacement program for buses and shop equipment	285,530
	Service of Maintenance Vehicles	
	Provides fuel and service to all maintenance and delivery vehicles	66,950
		$1,749,831

II. SUMMARY OF PROGRAM REDUCTIONS

Personnel

No. of Personnel	Levels Minimum	Reduced	Current
Drivers	105	110	113
Service Area Direction	4	4.5	4.5
Shop personnel	8	8	8
	117	122.5	125.5

Bus Routes

The district currently operates 152 separate elementary bus routes. Reduction of the current level of service to a minimum level would eliminate eight buses now serving 11 elementary routes.

A reduced level of service would eliminate five buses now serving seven elementary routes.

A reduction of elementary routes would require consolidation of routes at the intermediate and high school levels.

Conclusion

The minimum program for transportation would consist of 105 FTE bus drivers:

1) 80 home-to-school buses for regular route service.
2) 20 mini buses for the special education program.
3) 13 buses as spares for replacements of other buses being serviced.

The service facility would consist of eight FTE shop personnel to repair and maintain the bus fleet, and to service, fuel, and repair all maintenance department equipment and all courier delivery vehicles.

Service area direction would provide four FTE for supervision, clerical, and training personnel.

The total appropriations would be reduced from $1,749,831 to $1,408,854.

It should be noted that as part of the basic school support formula, approximately 50% of transportation costs in any one year are funded from the state level.

III. SUMMARY OF REVIEW PROCESS

The following is a summary of the process and basic information which was used to review the transportation program.

Departmental managers established current cost levels for separate activities of the transportation program. Reviewed route structure of basic home-to-school busing and other school bus uses such as athletic, career education, activity runs, and interschool transfers.

Reviewed school board policy and administrative regulations relating to home-to-school busing. Determined effect of P.L. 94-142 on need for special education transportation.

Surveyed all elementary school bus routes to select those with least walking hazards. Defined the expected hazards by route for those eliminated.

Examined cost records on bus replacement schedules and effect on costs to change present schedule.

Ranked program activities to reach minimum budget goal.

The following criteria were used to place the activities into minimal or reduced levels of program:

1. Required by law or policy
2. Basic or essential to a minimal operation
3. Self-supporting in terms of special revenues or cost savings
4. Productivity or results in relation to cost
5. Political acceptability by staff or community
6. Current level of investment in terms of capital outlay, implementation and number of people influenced
7. Feasibility in carrying out program

Computed reduced program costs to compare with current program budget.